

## Labour market in Moldova: Failling appart

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### Introduction

The labour market represents an organic part of the market economy system. It is like the other markets, an ensemble of offering and applicants, which interact to determine the goods' price and quantity. Because of the transaction object „work forces”, the labour market is a more special, because the good, which is the change object, isn't a material good, visible which you receive momentary and which size you find out easily. The „work forces” blend psychological, social, vocational and of behaviour characteristics and so is evidently differentiated from any goods. The labour market includes certainly as its main elements the labour demand and offer, as well as the work contract. The work contract is a characteristic of labour market, because its content settles the work report between economical agents and individuals under all their aspects:

- work duration,
- work conditions, formation and reconversion,
- opportunities of promotion,
- remuneration right,
- strike right,
- the employment conditions,
- sanctions, which appear after the contract non-observance.

Economical agents and individuals interact in base of rules imposed by the work right but some of them are imposed by employers.

The sale-purchase document doesn't take place only at the employment, but for the entire work period that is daily. The work result can't be wrote down in contract but only the sanctions, which will be applied in case of work not effectuation or violation of internal rules.

The labour market is a contractual and ne-

gotiation market, where before the work process is necessary to be settled certain conditions. The negotiations between economical agents and individuals are more complicated and of more duration than those between one supplier of a good material and buyer. Some specialists compare the labour market with the „marriage market” where every individual finds a partner with who to found a durable relation<sup>11</sup>. On the labour market is felt better the necessity to accomplish the request „of double coincidence” of wishes and to increase the objectives. The abilities, the knowledges, experience and the work performed by the employed must satisfy the employer, but the employed must be thanked with the salary, the free time he has, the work condition and volume. Because of the peculiarities and of transaction object, the labour market is in a continuos instability, and it is difficult to anticipate changes that will be. On this market isn't known the number of potentials buyer of work forces. It is never known exactly the preferences, interests and necessities of participant at transaction and not ever the work manner of estimation.

The labour market reflects clearly the national economy structure, its system of education and vocational formation, the main principles regarding the dynamic population of a country, the work forces mobility, the unemployment's rate and the investment size in human capital.

The labour market ensure the unfolding of the real and monetary tide, the unfolding of the process of production, goods sale and consumption. However, it has the biggest sensibility at the decisions, which are taken on the other market and often must be very flexible at the changes, which intervene.

<sup>11</sup> Economic science vocabulary, Publishing house Arc and Science, Chisinau, 2006

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## CHAPTER 1.

### The human factor role in modern economy

The first and the most important factor of production for any economy activity or the other type of work. It is a conscious action of human individual and assumes a certain physical and intellectual effort to obtain a monetary income, necessary to secure goods and services, which cover the human individual needs. Because of work the human being transform natural resources and forces, financial, technological and informational resources into production and services necessary to meet its multiple and different needs. So, they are continuously attracted in the economical circuit.

The success of any activity or business, the productivity and the efficiency of any action is direct proportional to the deposited labour and its quality. The labour is a variable of any equation with the final answer-the accomplishment of any purpose.

The technical-scientific progress has offered to humanity the opportunity to use more and more creative potential, invention, originality, communication abilities, analysis, research and synthesis. At present, people can work more intensely and in more pleasant manner, which finally lead to an entire gratification and accomplishment. In modern economies the most part

of population is occupied in services sphere (tertiary sphere) and the quaternary sector (researches, informational technologies). The number of those which perform physical labour is less than of those who do other jobs. Even if we live in an informational technologies era, where many workers were replaced by robots and cars or were assumed by the operations of certain modern equipment and technologies, we can't do without physical and intellectual effort. Because the economical activities can't take place and improve afterwards without active participation of human individual.

The human potential isn't only a main factor of economical-social development, but simultaneously the basic beneficiary. Therefore, the human being has a double hypostasis.

The experienced human factor, its knowledges, abilities and conduct is the main premise of the process of passing from one centralised economy to that of market, economical restriction and reforms achievement.

The most important factor of the economical increase and of one in the human capital which is a present or future income source.

## CHAPTER 2.

# The labour market peculiarities in the Republic of Moldova

At present the labour market is in **process of formation**, because the labour market is in the process of transition to the market economy. The formation of the labour market doesn't require only some work legislative background and the unfolding of economical conduct and of outlooks. These factors make the labour market's process of formation to be one durable and less complicated. The changes, which occurred after the declaration of independence on August 27, 1991, lead to:

- *the unemployed's number increase, of under occupied and discouraging persons because of all economic sectors restriction,*
- *the wage-warner unemployed's number increase in private sector and the decrease of those occupied in the sector of state.*
- *The passing from stable places of work and bad remunerated to less stable places of work, but better paid.*
- *The increase of work force migration.*

Another change, caused by transition, is the fact that men were more affected by the unemployment than women, because more industrial plants and factories disappeared in the field in which men force was prevailing, such as the technological-intensive and mashinery industry. At the same time, women tend to have easier acces to new activities invented in the services jobs sector.

The main problem in Moldova is that **the old work places are not replaced at a sufficient quick time by more productive places**. The great lack of poise between the work places creation and abolition affect negatively the employers' opportunities to pass from one job less productive to a more productive activity. The main factor, which establish the slow rate of work places creation are the high costs to launch a new business in Moldova. The red tape, the corruption, the high tax are other reasons for the reduced contractual entrepreneurial activity.

Another main non-work disfunctionality on the labour market is **the non-concordance between the offer of educational system and the labour market necessities and requests**. This is the explanation **on the one hand for the experts surplus** (low economy and foreign languages), **and on the other hand for these insufficiencies** (seamstresses, house painter, plasters, welders, electricians etc.). In these conditions is manifested the **mass migration of those which absence is felt through the "deficit" on the market**.

One of the labour market problem is **the low work productivity** determined by the great quota of population engaged in agriculture (40,5 %) and low **salaries**. Therefore, an employer from Moldova on an average, works only 28 hours a week, while a Pole -42 hours<sup>2</sup>.

After the study's dates „A Jobs Warning for Eastern Europe and The Former Soviet Union” published by the Bank World, **Moldova is a country with a relative high rate of engagement, and low rate of unemployment** (a round 77,3% in 2005 calculated according to the methodology BIM). Simultaneously, in Polish and Slovakia, countries with rapid countries of restructurization and reformation the unemployment reach the amount of 19% and 18,2% in 2004. In fact it is possibly also to use the unemployment to reach some average, especially because people go on with migration. This doesn't mean that a great lack of poise between the official unemployment and that real, has quick

2 „A Jobs Warning for Eastern Europe and The Former Soviet Union”, 2004

*rhythm*. Is attested a great lack of poise between the unemployment rate calculated by BIM and that registered by the ANOFM structures.

**The labour market of the R.M.** Is an imperfect market, because doesn't work still after its principles. Although was adopted a series of laws and the Work Code, was created understructure of the labour market, the changes from the labour market are superficial and so long how much the economical agents avoid to work in basis of the new institutional-legislative background and to appeal at these institution. In concordance with p.d. of the law 102/2003<sup>3</sup> of employer, in 5 days term, must announce the work force agencies that they have a vacant job. Usually the economical agents prefer to announce this institution only where there is a strident necessity and where the vacant jobs aren't so well paid. Often good and decent remunerated jobs are kept in secret and are occupied by those, which heard from relation, acquaintance or from other informal sources.

The unemployed, which have to be suited for the vacant jobs don't have access to the information and are disadvantaged. The most of employers didn't make a conditioned reflex to appeal the agencies free services, which engage the work forces or paid services of recruitment agencies. The economical agencies use other methods of engagement which allow the recruitment don't have high costs. Although the work legislative was modified in 2003, regarding its contractors it has gaps and is still illiberal. In accordance with the Work Bank's study „Doing Business in 2006”, Moldova occupied the 135 position among 155 states after the engagement indicator, the dismissal indicator in this problem reflects the difficulties met by contractors in this problem. Each indicator takes an amount between 0 and 100. The higher amount represents lawful provisions more rigid.

3 Adopted:13.03.2003, valid from 01.07.2003, published in Official Monitor nr.070 from 15.04.2003  
Modified: LP100-XVI din 27.05.2005 Official Monitor nr.95-97/15.07.2005

**TABLE NO. 1 „ Indicators of engagement's difficulties and dismissal”**

Indicator	Moldova	Region	OECD
The engagement difficulty	33	34,2	27,0
The work hours rigidity	60	50,7	45,2
The dismissal difficulty	70	37,1	27,4
The engagement rigidity	54	40,8	33,3
The engagement costs (% from salary)	29,0	26,7	21,4
The dismissal costs (wages)	28,8	26,2	31,3

Source: [www.doingbusiness.org](http://www.doingbusiness.org)

## CHAPTER 3.

### Processes and trends in the evolution of demographic potential

The biggest difficulty, met by the employers, are those of dismissal, which were noted with 70 points and in comparison with the results on regions and OECD's lack of poise is big enough. From the dates delivered by the table nr.1 is noticeable that all the indicators concerning the Republic of Moldova have higher amount than the average of countries from Eastern Europe and from OECD. Little exceptions represent the indexes of the engagement difficulty, which is less than that from the region and the dismissal costs, at the same time, are less towards the average OECD. From these dates result that the work legislation is rigid. It has to be revised and improved to become more liberal and flexible. At the work legislation and work relations referred to some recommendations of "White book", elaborated by the Foreign Investments Association in Moldova (October 2005), for the creation of one attractive climate of investment. In their opinion the work legislation have to become more flexible.

In the Republic of Moldova the work force didn't become yet merchandize and its price is not at the cost level, although from the year 2000 were registered the increases of the monthly average salary not only in the private sector, but also the budgetary. In accordance with one classification elaborated by the European Employers Federation (FedEE), which included 48 European states, the citizens of the Republic of Moldova are the most badly paid<sup>4</sup>. The raw minimum salary on the work hour is 3,27 ley (about 0,20euro) and with a maximum amount of 336,43 ley/hour (about 21,5 euro). The hour salary is of 70 less than that from Denmark, which occupies the first place in the classification. Another characteristic of the labour market from the Republic of Moldova is the **big lack of poise between the salaries of those, which take leading functions, and of those from inferior positions.**

In accordance with the same study made by FedEE, this difference is over 100. The least hour salaries are received by labourers (3,27), but the great remunerations occurred to the company presidents (336,43 ley/ hour). The FedEE dates show that those who work in companies are of 2,6 better paid than those from local firm. Regarding an another classification elaborated by FedEE, the minimum salary legislated in the Republic of Moldova is the least minimum salary from Europe<sup>5</sup>. It is 29 euro monthly, while in Russia reach 32 euro, in Ukraine-59 euro and Romania-97 euro monthly. In these conditions the population is not motivated to work at home with very little salaries, which don't cover their essential needs and don't ensure a decent life. The work forces rather go on other labour markets.

An another labour market tendency is the existence of one significant fragment of persons engaged in the informal and shady economy. Because the work forces offer surpass the work forces request, many individuals accept to work without work contract and that their relation not to be the work legislation and the income tax's subject. At the same time they give up from the social protection and from certain benefits (notice in case of dismissal, allowances in case of dismissal, yearly paid leave, medical leave).

Although recognized till now as the most „efficacious” method to engage in the labour field- relations of acquaintances<sup>6</sup>-is remarked an enlargement tendency of jobs' number for which **the engagement is made in base of one competition: to deposit a CV, to make an interview and have tests.**

4 At the elaboration of the classification was taken into calculation the middle level of hour salaries registered at 1 february 2006.

5 The Economical Magazine „ECO”, nr 88, 09.08.2006

6 Regarding the dates from the research „The youth on the Labour Market” of BNS, 2005, at the question about the manner how was found the present job every third person answered that he has appeal to friends, relations, colleagues.

The demography potential of one country is the factor, which establish the size of the human capital-the coming source of goods and services. It influences directly the nation welfare and the economical increase of the country. Corresponding to the National Bureau of Statistics, the population of the country, at the 1 january2006, represents 3395,6 thousands of persons except (Transnistria and Bender town), between which a round 48,2% men and 51,8%<sup>7</sup> women. In the year 2005 the population registered a decrease of 6,13% toward the year 2004. After '90 years is observed a constant tendency of the population decrease. Moldova has the lowest level of urbanisation of Europe, in towns live only 39% from the total of population. The town population is concentrated in big towns (50% of town population live in Chişinău), but the small towns are **unpeopled as a result of internal and external migration.**

TABLE NO. 2 „The structure of population on life average”

Years	Total	No.of population		In % toward the total	
		Urban	Rural	Urban	Rural
1990	<b>4361,6</b>	<b>2069,3</b>	<b>2292,3</b>	<b>47,4</b>	<b>53,1</b>
1995	4347,9	2033	2314,9	46,8	52,6
1996	4334,4	2004,1	2330,3	46,2	53,2
1997	3657,3	1543,6	2113,7	42,2	53,8
1998	3655	1538,2	2116,8	42,1	57,9
1999	3649,3	1531,8	2117,5	42	58
2000	3643,5	1529,2	2114,3	42	58
2001	3634,5	1501,4	2133,1	41,3	58,3
2002	3627,2	1499,1	2127	41,4	58,6
2003	3617,7	1500,2	2118,6	41,4	58,6
2004	3606,8	1492,9	2113,9	41,4	58,6
2005	<b>3386</b>	<b>1308,8</b>	<b>2077,2</b>	<b>38,7</b>	<b>61,3</b>

Source: The statistical year book of Moldova, 2005

The small urban and rural places are the most affected by the poverty. In the year 2002, 63% from the residents of small towns were poor toward the 52% of rural residents and 26% of big towns inhabitants<sup>8</sup>. This repartition after the residence average impose the creation of new jobs in rural places and small towns, the transformation of small towns into economical centres with factories in the industry of processing. These measures would conduct to the monthly income's increase and to the improvement of life conditions.

7 [http://www.statistica.md/statistics/dat/822/ro/Situatia\\_demografica\\_2005.pdf](http://www.statistica.md/statistics/dat/822/ro/Situatia_demografica_2005.pdf)  
8 "Retrieval and Poverty in the Republic of Moldova", World Bank, 2006



**TABLE NO. 3 "The growing old quotient of population"**  
(nr. of persons of 60 years old and over at 100 persons)

1990	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
12,8	13,1	13,1	13,3	13,5	13,6	13,6	13,6	13,9	13,8	13,9

Source: The statistic year book of Moldova, 2005

Moldova is confronted with a demography crisis, which will have serious consequences in the future for the labour market. It is caused by the global demography transition (the decrease of fertility parallel with the decrease of the infantile mortality level), economical transition, the deterioration of life conditions and the migration of the population. In the last 15 years, the growing old quotient of the population registers a constant increase from 12,8 in 1990 to 14 in 2005.

Because of the population's growing old will increase the fiscal pressure on the employers, which must keep a higher number of inactive economical persons.

Another demography factor,

which has involvements for the labour market, is the natural decrease of population. This process is caused by the birth rate decrease from 17,7‰ in 1990 to 10,5‰ in 2005 and by the mortality rate increase from 9,7‰ in 1990 to 12,4‰ in 2005. The birth rate decrease is normal corresponding to the global tendencies, but the mortality increase is the deviation from them.

The maintenance of these demography dynamics and the continuous migration of the work forces will conduct to the decrease of the population number, obviously and of the potential of the work forces offer. Over some years Moldova may be transformed from a work forces exporter into importer. In accordance with the

foreseeing of the National Institute of Economy and Information the number of population between the years 2005-2020 will decrease with 5,7-6,5%. It is foreseen that in the year 2020 the Republic of Moldova will have about 3190 thousands of inhabitants, 51,8% women and 48,2% men.

The main changes will intervene in the structure of age groups: will be reduced the population of the age 0-19 years old. If in 2005 it had a quota of 30,7 %, and according to the prognose, in the year 2020 the persons quota of 0-19 years old will be 19,5%. This dynamics will be the result of the natality decrease. On the background of the young population decrease, the population of the age group 20-60 years old remain stable till the quota of 61%. The inhabitants' quota which has over 60% will increase from 14% in the year 2005 till 19,1% in 2020.

**TABLE NO. 4**  
„The population evolution prognose in the period 2005-2020”

	2005		2010		2020		2020
	Thousand inhab.	%	Thousand inhab.	%	Thousand inhab.	%	Toward 2005, %
<b>Total</b>	3385,5	100,0	3297,3	100,0	3189,8	100,0	94,1
inclusive:							
Masculine	1624,5	47,9	1583,2	48,0	1537,5	48,2	94,6
Feminine	1761,1	52,1	1714,1	52,0	1652,3	51,8	93,8
Urban medium	1308,8	38,7	1277,2	38,7	1277,3	40,0	97,6
Rural medium	2077,2	61,3	2026,2	61,3	1912,5	60,0	92,1
<b>The structure of population according to the age :</b>							
0 – 4 years	173,9	5,1	165,9	5,0	144,3	4,5	83,0
5 – 9 years	227,9	6,7	166,5	5,0	152,6	4,8	67,0
10 – 14 years	298,9	8,8	219,7	6,7	160,9	5,0	53,8
15 – 19 years	342,8	10,1	291,5	8,8	153,6	5,2	47,7
20 – 24 years	300,4	8,9	331,4	10,0	213,3	6,7	71,0
25 – 29 years	273,7	8,1	291,5	8,8	282,9	8,9	103,4
30 – 34 years	209,7	6,3	264,1	8,0	321,1	10,1	153,1
35 – 39 years	220,1	6,5	201,4	6,3	281,9	8,8	128,1
40 – 44 years	272,6	8,0	210,3	6,3	252,4	7,9	92,6
45 – 49 years	252,3	7,4	254,4	7,6	189,6	5,9	74,9
50 – 54 years	230,5	6,8	235,1	7,1	194,0	6,1	84,2
55 – 59 years	110,4	3,3	210,4	6,3	224,5	7,0	203,3
60 – 69 years	472,2	14,0	455,1	14,1	608,7	19,1	128,9

Source: INEI, 2005

## CHAPTER 4.

### The characteristics, the level and the evolution of the work demand

The work demand represent the firms, factories and other economical agents need of **work** forces, which recruit, select, engage and bring in individuals for economical activities which are performed at a certain work price, which for the labours is estimated in salaries. The work demand is also materialized in different stimulus for the individual work to reach the expected productivity.

The work demand reflects the structure and the volume of employers by profession and the skill levels and simultaneously the relations, which derive from those two. It is complex, because has qualitative, quantitative and structural aspects.

There are more factors, which take part in the demand formation on the labour market and which then determine its increase or decrease:

- The capital size and the investment volume which are made in the productive sphere
- The level of technical endowment and with informational technologies of factories, which can cause replacement of human factor with that technical.
- The goods price that is produced by the use of human factor and its consumption volume .The national product consumption may be multiplier for the country production and the number of work places.
- The contractor expectations regarding the business passing.

The economical reforms after 1990 brought the privatization, the restructurization of many factories, as well as the abolition of those unprofitable. As a result, was reduced the number of

work places and was increased the unemployment. The economical reforms determined the motivation decrease to work as a result of a low salary and which many times doesn't cover the consumption budget and the minimum of existence, the use of the intellectual and unefficient potential of employers.

#### The work demand reflected by the statistic dates and of ANOFM

The dates of the table nr.5 reflect an unfavourable evolution of the work demand. Is observed a constant tendency of engaged population decrease and of the employer number. During the year 2005 the economical population constituted 41,9% from the entire population of the country and was decreased with 14% toward the year 2000. The most part

of the active economical population live in the rural medium, where salaries and the profitableness of the economical activities are lower than in towns.

In the years 2000-2005 is registered a gradual decrease of engaged persons, reaching the level of 12,9%. The employers' quota in the engaged population was 62,9% in 2005, with a decrease of 12,6% comparatively to 2000. The number of unemployed engaged population increased from , 2% to 39,1%.

After the method of the Labour International Bureau, the unemployment rate in the year 2005 have registered the average of 6,4% more low than that of the year 2004- 8,1%.

The engaged population decrease and at the same time the unemployment rate decrease by years can't take place only in base of the economical inactive population increase.

Is attested a clear tendency of the engagement change on sectors. From 2001 the quota of the population engaged in agriculture was of 51%, in 2004-40,5%. This change was caused by the intense migration of the work forces from rural places, but not by the reallocation of the work forces excess from agriculture to industries and services. In 2004, the industry employers' quota was 12,3%, with an increase of only 1,3% toward the year 2001. On the other hand have increased the quota of the population engaged in services from 34,2% in the year 2001 to 41,7% in 2004.

TABLE NO. 5 „The population repartition according to the involvement in economic activity.”

Year	2000	2001	2002	2003	2004	2005
<b>Total population</b>	<b>3639</b>	<b>3630</b>	<b>3622</b>	<b>3612</b>	<b>3603</b>	<b>3391,7</b>
<b>The economical active population</b>	<b>1655</b>	1617	1615	1474	1433	<b>1422,3</b>
Population engaged in economy, total	<b>1515</b>	1499	1505	1356	1316	<b>1318,7</b>
Salary-engaged population	<b>951</b>	899	892	868	860	<b>830,6</b>
Not Salary-engaged population	<b>564</b>	600	613	488	455	<b>488,1</b>
<b>The unemployed</b>						
-corresponding to BIM	140	118	110	117	116	103,7
-registered at the end of the year	28,9	27,6	24	19,7	21	21,7
<b>The unemployment rate</b>						
-corresponding to BIM, %	8,5	7,3	6,8	7,9	8,1	7,3
- registered, %	2,3	2,2	2,1	2	2	2
<b>Economical inactive population of 15 years old and over</b>	-	1146	1177	1340	1411	2181,6
-from which persons migrate abroad to search a job.	138	172	231	291	345	394,5

Source: The National Bureau of Statistics

**TABLE NO. 6 „The engaged population repartition according to the type of economical activity .”**

	1997		2001		2004	
	Thousands persons	%	Thousands persons	%	Thousands persons	%
<b>Total</b>	<b>1646</b>	<b>100,0</b>	<b>1499</b>	<b>100,0</b>	<b>1316</b>	<b>100,0</b>
Agriculture	684	41,5	764	51,0	533	40,5
Industry	191	11,6	165	11,0	162	12,3
Buildings	52	3,2	43	2,9	52	4,0
Trade, hotels and restaurants.	276	16,8	164	11,0	179	13,6
Transports and communications	72	4,4	64	4,3	73	5,5
Public Administration : education, health and social assistance	290	17,6	241	16,0	245	18,6
Other activities	81	4,9	58	3,8	72	5,5

Source: National Bureau of Statistics

**TABLE NO. 7 „The distribution of the engaged population according to the form of property and in dependence on the activity formalization”**

	2000	2001	2002	2003	2004	2005
<b>The form of property (% from total)</b>						
Private sector	69,9	71	71,6	68,8	68,1	69,6
Public sector	23	22,7	22,5	25,1	25,8	25,6
<b>The activity formalization (% from total)</b>						
The formal sector of economy				75,6	77,9	77,6
The informal sector of economy				14,5	12,8	12,1
The household sector				9,9	9,3	10,3

Source: The National Bureau of Statistics

In 2005, corresponding to the repartition from the form of property, the most part of employed, over 69,6 per cent constituted the persons engaged in the private sector and over one fourth-26,7% in the public sector. The private sector quota prevails in agriculture (98,1%), in trade(94,2), in the hotel activities (84,6%), in construction (82,1%) and in processing industries (62,5%).

The persons engaged in the formal sector constituted 77,6% from the total of population engaged in economy in the year 2005. The informal sector had 12,1% in the year 2005, with a decrease of 2,4 percentage points toward the year 2003, but the household sector occupied -over 10,3%. In the informal sector are engaged more men (51,9%), especially in the rural medium (73,8%). The biggest quotiens in the informal engagement are specific to building -57%, agriculture, and trade-40,4%. In the family households prevailed women (60,8%) and persons

from the rural medium (92,3%), in 2005. The work forces demand doesn't represent only the rate of the persons engaged in economy, but may be reflected also by vacant jobs avowed by economical agents to the work forces office, information supplied by the periodical press and the publicity newspaper, pages from internet which pub-

lish job advertisement and CV of those who search a job. An opportunity of direct economical agents, also to find fast a job by the persons which are in search of it. The connection between the demand and the work forces offer is the Labour Market, organized by the National Agency of Employment. The Labour Market give the possibility to select fast the personnel for the concerned

According to the **National Agency of Employment** regarding the job offer available at agencies of territorial job engagement at 30.08.2006 were registered 8258 of vacant jobs from 1226 economical agents. The most part of available jobs were offered in the city Chisinau -3253 and city Balti-1804, which represent together 61,25 % from the total number of jobs available in the country. To the department occur only 3201 places of free work, which is less than in Chisinau city. From the presented dates result that the regional distribution of job opportunities is very unequal: the only region where the engagement opportunities exist and are in increase is the capital. So, those which can't profit the limited opportunities of engagement in the capital either work in agriculture or leave the country to search a job.

For more than half of vacant jobs (5099 or 61,75 from the total) are requested secondary professional studies. On the second place are the jobs for which are not necessary studies. Its quota is 22,87%. The higher studies are requested only for 790 vacant jobs.

**Table no. 8**

**„The structure of jobs available from required studies and localities.”**

Required Study	Chisinau city		Balti city		Cities		Total
	nr. vac jobs.	% toward the total	nr.vac jobs.	% toward the total	nr.vac jobs.	% toward the total	
Vocational second.	1544	30,28	1601	31,4	1954	38,32	5099
Middle of	185	38,54	143	29,79	152	31,67	480
Higher	385	48,73	4	0,51	401	50,76	790
No study	1139	60,3	56	2,96	694	36,74	1889
Total	3253	-	1804	-	3201	-	8258

Source: [www.anofm.md](http://www.anofm.md)

Specialities with secondary vocational studies are requested in the same measure in city Chisinau, Balti and departments, each of them having over 30%. A half (50,76%) of vacant jobs, for which are necessary higher studies, were registered in departments. These are usually the specialities of pedagogy, doctor, engineer and sometimes book-keeper. The last years, economical agents request seamstresses (over 400 jobs to each 6 months), auxiliary workers in building, joiners, joiners-carpenter, welders, drivers, waiters. The employers require also guards, sweepers, conductors, hairdressers, cooks. The least asked specialities, which require higher studies: book-keeper, chemist, and manager. The **National Agency of Employment** has not in its offer many specialities from the economical and juridical domain, which in present day include 46 % from the graduates total (year 2005). The **National Agency of Employment** informations can't offer a general image regarding the demand on the labour market, because many economical agents don't declare in which domains they need experts and don't comply with the art.13 of the Law regarding the engagement of work forces and social protection of persons which search a job.

Analysing the dates from the table no.9 is observed that the vacant jobs, declared by ANOFM Chisinau, are occupied in a small proportion. Less than a half from the economical agents demands are gratified. The highest quota of vacant places occupancy (47,28%) was registered in 2001, but the least 31,32%-in 2004. An explanation of this situation may be the fact that the number of those, which appeal

at the help of occupancy offices, is reduced. It is because the population is not very informed of ANOFM<sup>9</sup> existence, don't know which are the services granted by this institution and not even know the new changes of the Labour Code. The most part of persons know that you can address the agencies of work forces occupancy only in case of personnel number reduction from unity, the employer's activity cessation as a physical person. Is very reduced the number of persons, which know the law, changes, in accordance with which are registered as unemployed and can also profit the ANOFM services the persons which have resigned.

ANOFM grant courses of training and re-qualification for the following professions and callings in the domain of building (house painter, plasterer, joiner), transport (locksmith), industry (electric-welder, operator in the hall with boiler), medicine (masseur, trainer for gym curative, inferior nurse) agriculture (beekeeper, tree grower, vine grower), the population service (tailor, seamstress), trade (shop assistant, waiter), catering (cook-confectioner), book-keeper evidence (1C program, 7.7 version), of contractor and office work (secretary-referee, office secretary, computer operator). They are really the most required profession and calling on the labour market and which are insufficient. Therefore only 1,3% from the unemployed's total profited these services of training and qualification. In these conditions is natural to be registered work forces deficit in the above domains.

<sup>9</sup> In accordance with the research dates "The youth on the labour market" of BNS, only 2,6% of correspondents appealed at ANOFM services. 71,3% of persons which didn't know about the ANOFM existence leaved in rural localities.

## The unemployment

In spite of the active economic population decrease and of that occupied, the official unemployment's quota doesn't register significant increases. The unemployment has a lower level than in most countries. At the calculations of the unemployment's quota don't metter the persons which are in administrative leave on a long duration, those which work in a complete program and the persons from the rural medium, which made only season work and are remunerated in kind. Beginning with 2006, the indicator of unemployment's quota will also take in calculus:

- the persons in not paid leave or in technical unemployment, which haven't the certainty to come back at their work place in 3 months and are ready to begin the work in a short time
- The season wage-earners in the extra-season period which are not sure to come back at work in more than 6 months and don't receive the salary in this time
- Workers on their own account in extra-season period which are able to begin the work and which have actively searched a job.

The present day unemployment is a result of the economic crisis from 1998-1999. Although in the Republic of Moldova is remarked an increase of all macroeconomic indicators, the urban unemployment's quota from 2000 till 2004 have registered a decrease of only 3,8 percentage points. In accordance with the economy theory, would be normal that in economic increase conditions to be reduced the urban unemployment's quota. Thus, the economic increase is not a strong one. Is remarked significant differences among the unemployment quota and from urban and rural places. Seemingly, the occupation of work forces in rural medium is better than in that urban. In 2005 the unemployment's quota in towns was of 11,2%, but that from rural localities -4,0%. Despite this, rural residents and those from small towns are more liable to poverty risk than those from big towns because of low income or in kind. The labour places absence in other activities than that agricultural from villages determine the depopulation of rural localities and the young population migration. After the informations regarding the unemployed registered at agencies for the work force occupancy, in 2004, 54% constituted the rural inhabitants, but the rest -46% of urban inhabitants..

**TABLE NO. 9** „Dates in accordance with the vacant jobs and its occupancy with the competition of National Agency of Work Forces Engagement Chisinau”

	2000	2001	2002	2003	2004	2005
The number of vacant jobs administrated by AOFM Chisinau	7535	6511	7549	8840	9878	7820
The number of persons engaged in the labour field with the competition AOFM Chisinau	2957	3075	2861	3135	3094	3216
The quota of vacant jobs occupancy	39,24%	47,28%	37,90%	32,36%	31,32%	41,13%

Source: ANOFM Chisinau



TABLE NO. 10 „Unemployment indicators“

	2000	2001	2002	2003	2004	2005
The unemployeds nr. (thousand. pers.)	140	118	110	117	116,7	103,7
The unemployment general rate %	8,5	7,3	6,8	7,9	8,1	<b>7,3</b>
The feminine unemployment rate%	7,2	5,9	5,5	6,4	6,3	<b>6</b>
The masculine unemployment rate %	9,7	8,7	8,1	9,6	10	<b>8,7</b>
The rural unemployment rate %	3,4	2,7	3	4,5	5	<b>4</b>
The urban unemployment rate %	15,7	13,8	12,1	12,2	11,9	<b>11,2</b>
The young unemployment rate 15-19 years	17,4	19	15,3	22,2	25,2	21,2
The young unemployment rate 20-24 years	14,8	14,5	15,1	16,1	17,1	17,7
The average duration of unemployment (months)	25	26	27	23	22	24
The unemployeds quota on a long term	<b>60,4</b>	58	59,6	48	44,8	<b>48,9</b>

Source: National Bureau of Statistics

The unemployment affects in the most part men. Between 1992-2000, women have represented the most numerous category (in average 53,0%) among unemployed, but beginning with 2001 the masculine unemployment became prevalent. In 2005 the masculine unemployed's rate reached the amount of 8,7%, but that feminine -6,0%. But the young people are the most affected by the unemployment. The unemployment's rate among young people (15-20 years) have registered the amount of 18,7% in 2005 and is of 2,6% higher toward the country average. The youth with only middle and high school studies, are the most vulnerable toward the unemployment. Not even those with vocational secondary studies are more advantageous.

If in 2004 the number of young persons, who were unemployed and had only secondary or high school studies constituted 7143 persons, but the number of students with vocational studies was more elevated-7211.

The students with higher studies have also a lot of problems. Many of them can not find a job according to their specialty and which could satisfy their expectations. That is why many graduates prefer to emigrate in Occident or Russia.

The medium term of unemployment is enough long and fluctuated between 22-27 months, for the period of 2000-2005. It's remarked a decrease of long-term unemployment quota, from 60,4% in 2000 to 48,9% in 2005. Long-term unemployment causes the loss of abilities and professional qualities, provokes the increase of discouraged persons.

The lack of the option of migration

would reflect a higher unemployment quota, with a longer duration. The migration seems to be a good solution both for inhabitants, and for governance, which mustn't make great efforts to solve this problem.

### Analysis of labour market's requirements and necessities according to the periodical press.

Labour market's requirements reflected by periodical press, excluding publicity, newspapers, are very poor and the offers structure is little varied. It is remarked a tendency of specialization of periodical press in the publishing of advertisements regarding the employment posts accorded by international organization and projects (World Bank, Tacis, OSCE, PNUD, Unicef, USAID) and foreign companies. The demands of these institutions are very elevated. They suppose beside higher studies in the domain of economics, finance, politic sciences, business and administration, engineering

depending on organization and project, to know perfectly foreign languages, especially English, and many other capacities and skills. Usually, the announcements are written in English and present the projects' aims, the responsibilities, the objectives which the candidate must realize. In all advertisements is required on experience of 3-5 years in the respective domain and an anterior collaboration with an international organization will represent a great advantage.

The engagement competition is made in basis of the C.V., the letter of intention and the interview. The number of places and of those who can apply for these posts accomplishing the requirements are very reduced and excludes the graduates because of the lack of experience.

In the economic newspapers "Eco", during the months June-April, 2006, were published only four employment advertisements, including that of advertising agent's newspaper, which appear in every edition. An advertisement was for the post of secretary at the delegation of European Committee in the Republic of Moldova. Other advertisement was a proposal from the part of international company Procter & Gambler for the post of account manager, and the post of financial chief for the leasing company MAIB-Leasing. It's must be mentioned that there are few such advertisements for jobs, because the newspaper has only a year of existence on the labour, but it can't be excluded the fact that the publicity in all newspapers constitute a "rarity".

During the months June-July 2006, "Jurnalul de Chisinau" published 14 advertisements for the employment of vacant posts in international organizations, the embassies of United States and Great Britain, as well as foreign compa-

Table no. 11 „BIM Statistical data of unemployed according to the age structure and education, 2004 “

Briefing levels	Age group				BIM unemployeds Total
	15-24	25-34	35-49	50 years over	
Higher	<b>2695</b>	3179	5137	2497	13507
Middle of speciality	1681	3780	8713	3677	17851
Secondary vocational	<b>7211</b>	8161	17655	4393	37420
High school, general middle	<b>7143</b>	6795	10319	2986	27244
Middle school	<b>11270</b>	3239	3757	1231	19497
Primary or no school	0	0	0	0	0
<b>Total</b>	30839	25253	45581	14811	116483

Source: „The labour market in the Republic of Moldova, 2005“, BNS

nies (many of these appeared twice), and 6 advertisements for economic agents. Usually these offers are rare and unique. The situation regarding the employment is reflected by the daily paper "Timpul" is alike that of "Jurnalul de Chisinau". The difference is that "Timpul" has little more proposals regarding the vacant jobs for international organizations. The number of vacant posts, published in the quondam newspaper of the Government "Moldova Suverana" is greater than in other newspapers. The primary motive represents the fact that the Government, the ministries, departments and other states' institutions make appeal to the publicity made by this publication. During the months May-June, 2006 (46 editions) "Moldova Suverana" has published 24 advertisements regarding the vacant posts inside of different international projects in collaboration with the Government of the Republic of Moldova, the Ministry of Education and Youth, the Ministry of Public Health and Social protection. An advertisement proposes, approximately, 2-3 vacant posts. The more requested posts are those of national experts in agriculture, education, finance and administration, who have work experience in the domain and will contribute to the realization and implementation of projects' objectives. In this newspaper have also appeared advertisements for the replacement of scientific and leading functions inside the research institutes of the Academy of Sciences of the Republic of Moldova. For this post is indicated the scientific degree necessary for this function and the candidates must have profound knowledge.

The number of persons requested by research institutes varies between 20-35. For the replacement of vacant posts of education (teachers, lecturers, prelectors) were published 4 advertisements. The number of posts requested by institutions and local economic agents was 14. As in case of advertisements published by international organizations the conditions are strict and experience in domain is required.

The offer of vacant posts presented in publicity newspapers "Makler" doesn't differ much from that of ANOFM. The most requested posts are those of sellers (57), barmens (48) waiters (76), cook men (68), hairdressers (34), drivers (67), needlewomen (58), and guards (68).

Comparatively with the advertisements from periodical press, these don't contain the requirements, but offer only a phone number. Big companies exist which make appeal to the publicity of "Makler" such companies are Metro Cash & Carry (managers), Green-Hills Market (sellers), "Carmez" Inc. (builders, joiners, plasterers), IM "Efes Vitanta Moldova Brewery" (one post of economist), Guard Agency "Justar" (guards), F.A. Fashion Ltd (needlewomen, technologist, mechanic, tailors), "Ionel" Inc. (needlewomen, even beginner), "Agromasina" Inc. (electrogaswelder, locksmith, painter).

Specialists from the domain of buildings and furniture industry are also much requested. From specialties of higher studies are requested: bookkeepers-31, engineers-5, sale managers-27, pharmacists-10, economists-4, and lawyers-2.

Through the use of "Makler", different companies recruit young girls for the practice of prostitution, who then are trafficated, although the readers are advertised that the editorial staff isn't responsible for the truthfulness of published advertisements.

The meeting advertisement from the part of solicitants of work places is specific both for publicity newspapers and for periodical press. The persons announce the services, the works that they can carry out: 23 proposals for bookkeeper, 16 proposals for babysitting, and one proposal of judicial services are presented in the 61 edition from 07.07.2006 of "Makler". In "Makler" you can also find out the information about training courses of getting a qualification, organized by different companies. The newspaper "Makler" has also a web page ([www.makler.md](http://www.makler.md)), where are published all the advertisements after the newspapers rubric, not only for Chisinau, but also for Balti, Tiraspol and Odesa. If the rest of periodical press gives the impression that a labour market exists only in Chisinau, "Makler" underlines that vacant posts are also in the rest of the country. Certainly, their proposals are not so varied. Some economic agents prefer to appeal to more simple and costless forms of advertisement of vacant posts, for example the enterprise "Posta Moldovei" places their offers inside of postal offices; the trolley bus parks -in trolley bus, shops, coffee houses; the bars-in show cases; building sites. It should be a certain place reserved for the gratuitous

placing of employment advertisements, for example: the Central Park, nearly labour offices or in other public places, in this way the persons who are looking for jobs, can have an easy access to information. This thing will be advantageous for economic agents, because more persons will find out about their proposals.

## **"Labour Exchange" on the internet.**

During the last years appeared a "Labour Exchange" on the internet. The numbers of companies, which place their vacant posts on the portals of such profile and of those who appeal to the services of these sites, become more and more popular. However, the numbers of those who use the net in order to recruit staff or to find a job is still reduced, because the access to internet is expensive and still represent a luxury for some economic agents and for the persons who are looking for a job. In Moldavian internet, the web-pages containing the requirement and the offer of work forces, you may count them on your fingers ends, because of the lack of financial resources allocated for this type of labour exchange.

The sites publish the proposals of the companies, which want to employ new persons, but at the same time offer the possibility to put up the own C.V. The Web-pages which publish job advertisements are: [www.joblist.md](http://www.joblist.md), [www.moldovajob.com](http://www.moldovajob.com), search4staff.com, [www.hr.md](http://www.hr.md), [www.rabota.md](http://www.rabota.md). The sites offer is more diverse than that of periodical press and ANDFM.

The number from parentheses is referred to the number of announcements, and not to those of vacant posts.

The persons with higher studies can find easier a job, using the services on sites.

To the publishing of advertisement on sites make appeal foreign companies like Compudava; the bank-National Bank of Moldova; Mobiasbanca. At the same time you can find requirements both for unskilled (labour) and skilled labour (drivers, guards, specialists in building).

The number from parentheses is referred to the number of announcements, and not to those of vacant posts.

Their number is more reduced than in "Makler". The advantage of advertisements published on sites is that for the majority of jobs is offered a description of the required knowledge and the conditions which must be accomplished. Sometime the salary is also specified. Yoblist.md is the more popular site, because already has some years of activity. On this site, the companies which need new personnel can place the vacant posts gratis, in the case when they appear as simple announcements. In 2004, 800 clients have used its services, among which  $\frac{3}{4}$  represented companies. The most requested posts are those of managers, programmers, specialists IT, web-designer, bookkeepers, specialists in marketing, specialists PR and sale agents. In July 2006, daily, were placed in medium 7 announcements for managers, 5 for programmers, specialists IT, 2 for bookkeepers. The salaries proposed online vary between 100-300 \$. The highest salaries are offered to programmers, which can reach the sum of 550-650 \$, in the case if the employer represents a foreign company. On the site are also published the labour legislation, the agencies of employment, proposals of training courses, as well as psychological tests. Joblist.md also has a forum where the user can discuss subjects regarding the labour market and employment. Moldovajob.com was initiated in 2002 and simple advertisement and the C.V. are placed gratis. As well as on joblist.md have priority the advertisements for the posts of programmer, managers, specialists in marketing, whose salaries can vary between 200-350 \$. Proposals for unskilled labour with a monthly salary of approximately 1000 lei are also placed on this site.

Hr.md. is a product of the recruitment personnel company IDS Consulting L.T.D., initiated at the beginning of 2005. Through this site, IDS Consulting acts as an operator on the labour market. The conditions of activity differ a little from the other portals. The confidence of C.V. is ensured and only the registered companies have access it. Until the second half of July were placed on web-pages 4484 C.V., were registered 635 companies, were set 751 proposals, among which at present 133 are available.

Most job proposals are from the following domains IT/Hardware/Software-41 vacant posts, management-12, buildings-11 and sales-10.

Least offers are for persons of jurisprudence, banks and assurances, human resources. The simple offers are gratis, but VIP proposal costs 50 lei. In comparison the other two pages, on hr.md the flux of new announcements is more reduced. Search staff.com is the site of head hunter HR-Consulting. It is on the market since 1995 and practice the head hunting at economic agents' demand.

For the services offered by the agency, the beneficiary-firms must pay a charge of 250\$, but the persons engaged through the trial www.search-4staff.com will pay 10-20% of monthly salary during one year. The majority of clients are foreign firms or firms of mixed capital. The most requested professions are those of the domain of sale, especially of food products – sale manager, key account manager, chief of representation.

On the second place are required the specialists in marketing and finance, and on the third place – administrative personnel. The salaries depend on the profile of the company and the function of employed person.

#### **Small and middle companies:**

- Middle management: 600-1000\$
- Top management: 500-800\$

#### **Big companies:**

- Middle management: 600-1000\$
- Top Management: 500-800\$

The requirements which must be accomplished by a person for such a salary are the following: work experience in the domain (minimum 2-3 years), higher studies of speciality, and to be very motivated for the respective post. Sometimes studies or practices from abroad are required.

Are required also well knowledge of PC and foreign languages. In the last time it is remarked a tendency to negotiate not only the salary but also the social stock which includes social assurance, foreign language courses, sport-gratis, gifts.

**Rabota.md** appeared in the Republic of Moldova recently. Its proposal is more reduced, but regarding the structures of proposals of work places it doesn't differ from others.

In the top of labour proposals are situated those for programmers IT managers, specialists in marketing and advertisement. It is observed a great number of vacant places from hotel and restaurant domain, where barman, waiters, men cook are required.

**TABLE NO.12** "The structure of work proposals on the site rabota.md"

Domain	Number of vacant places
Specialists IT/programers	340
Bookkeeping/Banks/Economics	77
Drivers	17
Hotels/Restaurants	110
Engineering	25
Marketing/Publicity/PR	105
Medicine/Pharmacy	11
Managers	270
Design	66
Office-work	49
Trade	59
Production	30
Buildings	28
Jurisprudence	11

Like other portals it offers the possibility to post up the C.V., which is made public and to which have free access all the visitors of the side.

Priority have the C.V. placed by the specialists of bookkeeping/Banks/Economics, IT/programming/management. Beside are those of Jurisprudence/Trade and office-workers.

**TABLE NO. 13** "The structure of CV on the portal rabota.md"

Domain	Number of C.V.
IT specialists/programers	54
Bookkeeping/Banks/Economics	95
Drivers	34
Hotels/Restaurants	12
Engineering	16
Marketing/Publicity/PR	20
Medicine/Pharmacy	14
Managers	94
Design	20
Office-work	54
Trade	34
Production	8
Buildings	12
Jurisprudence	37

Many firms place their advertisements on 2-3 sites simultaneously. The

requirement of labour power is more reduced, if we subtract the announcements, which have been published on more web pages concomitantly.

Although, the more requested specialties are in management, marketing, bookkeeping and programming/IT domain and the market demand at the moment increases, however it continue to be more reduced, than the work proposal. The majority of approx. 20 thousand annual university's graduates (26% of economic profile), have the ill-luck to become an unemployed worker immediately after the finishing of studies.

### The cost of labour power

An essential factor that determines the level of motivation, the quality of the work, and the evaluation of demand of labour power is the remuneration.

Although, during the period 2000-2005 the real salary increased twice, the salaries in our Republic continue to be extremely reduced in comparison with other European countries.

In 2005 the medium salary on economics reached the value of 1318,7 lei, but during the period January – August 2006

was 1596, 38 lei, thus it was increased with 29% in comparison with the similar period of the previous year.

In the budgetary sphere, the medium salary was increased to 1381,8 lei in the second trimester of the year 2006, but in the real domain of economics – 1712,2 lei compared to 1485 lei in 2005. We can remark a great difference between the remuneration in the private and budgetary domain.

In 2005 the medium salary of public domain constituted 75% of national average, but that of private domain was with 13% bigger then national average.

It's presupposed that the differences would be more important, if it's taken into calculus the practice of remuneration "in envelope" in the private domain.

The high level of medium salary on economics is assured by the energetic sector, financial activities, transport and communications where the annual income of an employed person reach the sum of 6000 lei. The lowest salaries are paid in agriculture( 56,4 % of national average), education(66,9%) and health(76%).

The domains with salaries under national average offer labour places for the majority of engaged persons – 55%. Branches, which pay salaries comparable with national average, are the processing industry and public administration.

The wage increase in public sector was possible thanks to the increase of incomes as a result of massive import which caused a negative balance of trade. Neither in public sector, doesn't the wage increase result from the increase of labour productivity.

After the first great migration many labour powers went abroad, and local firms had to motivate the qualified staff with higher salaries.

The economic agents increased the salary with 25-30%. This increase will not be possible this year and the following years too, because an industrial recession of 7% was noted during the first five months of the current year, the agricultural output stagnation, the diminution of wine, meat, flower, productions, the reduction of exports.

The wine crisis had affected not only the wine making industry, but also the polygraph, the glass and cardboard industries. This crisis produced the wage decrease, the loss of many labour places, and the rural population were deprived of all revenues obtained by the sale of grapes.

"The energetic crisis" will also have negative consequences on economic agents which will make impossible the wage increase.

TABLE NO.14

*"The medium annual salary of an engaged person in per cents beside national average for the period 2000-2005"*

	2000	2001	2002	2003	2004	2005
Agriculture, hunting economy and foresting	61.7	58.0	56.9	56.0	58.3	56.4
Angling	83.0	71.3	65.8	65.7	78.0	79.1
Industry	167.5	152.0	144.8	142.6	136.2	133.8
-extractive industry	141.6	141.1	145.7	133.6	144.9	154.4
-processing industry	166.1	149.5	140.5	136.5	128.5	125.2
-electric power, thermal energy, gas and water	176.5	163.5	164.0	172.3	176.5	176.2
Buildings	132.3	125.6	121.1	134.0	148.6	149.6
Sale trade and retail trade	96.7	97.7	92.8	89.2	95.3	93.1
Hotels and restaurants	87.7	89.1	82.5	92.9	88.4	87.2
Transport and communication	155.7	158.3	152.5	163.2	161.9	162.5
Financial activities	576.9	419.1	370.5	328.5	295.1	261.6
Transactions, leases and services activities	135.8	133.9	128.6	127.2	125.3	126.7
Public administration	126.9	136.5	142.9	117.9	109.2	103.3
Education	60.7	62.0	66.9	68.5	64.4	66.9
Health and national assistance	56.4	57.9	63.4	65.0	76.6	76.7
Other activities of personal, collective and social services	72.5	71.9	73.0	75.4	72.7	60.3

Source: BNS



## CHAPTER 5.

### The implication of educational system in the formation of labour proposals and in the development of labour market

The proposal aggregated on labour market is defined as the totality of individuals able to work, persons in receipt of a salary. The work proposal reflects the possibilities to satisfy the need of labour power in an economy. The global offer of labour power permanently exceeds its demand which cause the unemployment.

The labour proposal is determined by the demographic potential of a country, the ageing coefficient, the professional forming of the population. The educational system ensures the labour market with necessary human resources. It educates the youth for life and moral skills. Due to educational system a country may realize great steps on the way of progress. Sometimes the education can provoke imbalances on labour market, preparing too many specialists in one domain, and few in others, or offering unskilled workers. Such a situation happened in the last ten years in the Republic of Moldova, and these disaccord is well felt on labour market.

The educational system of the Republic of Moldova doesn't function efficiently. In order to activate on labour market it's necessary to pass through more educational steps and you can't be sure that you will have a well-remunerated job.

The adherence of the Republic of Moldova to Bologna's Process in 2005 brought changes only in higher educational system, the university education lasts not 4 but 3 years, and the term of master increased from 1-1,5 years to 2 years.

The aim of this reform is to provide in a short time the labour market with specialists.

Because it has only one year from the implementation we can't evaluate its efficiency or inefficiency.

TABLE NO.15 "Certificates received at graduation at various degree of public education in Moldova"

Level of education	Skill/Certificate
Gymnasium	Certificate of gymnasium studies
General school	Certificate of general school
Lyceum	
Vocational schools	Certificate of qualification
College	Technician diploma and/or _____
University	High studies' diploma
Post-university studies	License's diploma
	Master's diploma
	Doctor's diploma

In the following table are represented the types of documents which can be obtained at the end of each level of education.

The graduation of a lyceum or secondary school doesn't bring after any professional formation, only gives you the possibility to pass to another educational level and to obtain a certificate of secondary education. The university studies of 3 years don't bring an advanced qualification.

any vocational education were made great changes that were dramatic for labour market. The acute insufficiency of qualified workers in light industry, buildings, agriculture and services domains denotes the disaster, which affected the secondary vocational education in the period of transition.

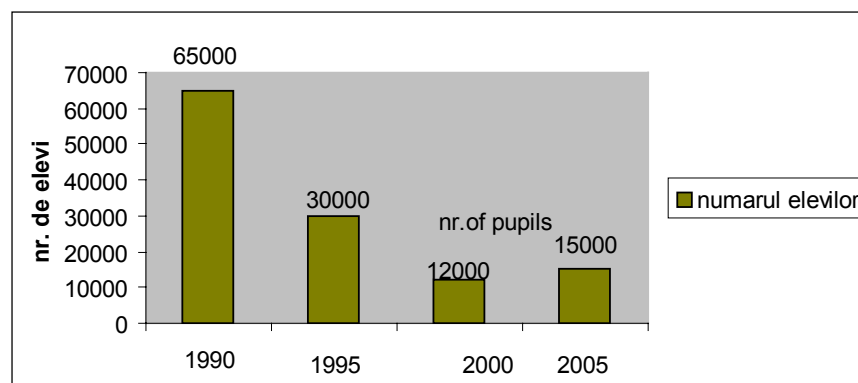
The number of students matriculated in vocational schools was reduces, from 65 thousand in 1990 to 15 thousand in 2005.

#### A.) Secondary vocational education.

During the last 15 years in second-

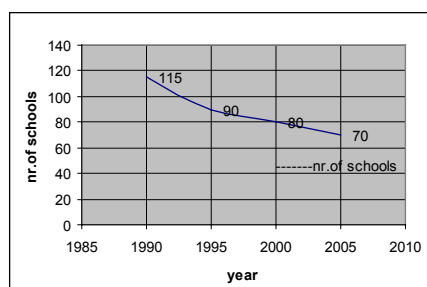
FIGURE NO.1:

*The evolution of the number of students in vocational schools.*



Source: Ministry of Education

FIGURE NO. 2

*"The evolution of vocational schools"*

Source:

Ministry of Education and Youth.

At the same time was reduced the number of specialties proposed by vocational schools and the number of schools was reduced with approx. 39%.

At present activate 70 vocational schools. These changes were caused by the fact that many vocational schools disappeared too.

The secondary vocational system lost its prestige during the period of transition. The youth prefer the secondary education of specialty or the higher education. However, the vocational education represents a real possibility to be integrated on labour market with a profession really required.

Moreover the persons with vocational studies have a lower risk to become unemployed than that with secondary incomplete studies.

Sometimes it seems that vocational schools don't exist in the national system of education. Until the company diffused by the Ministry of Education, on July 21, 2006 "Get a specialty - become independent", these schools hadn't any publicity or attractive convincing image. Even the promotion made in the publication "Abiturient" every year before the beginning of matriculation period is a very modest one, comprising only some pages at the end of the book, while the publicity of higher education institutes fills 20 pages.

In the publication "A study of Moldovan vocational education and training system and its relevance to labour market needs" are presented the results of some interviews/ soundings realized with representatives of twenty companies of different size and different regions of the country. This refers to sec-

ondary vocational system and the training of the personnel.

According the research the company's attitude towards vocational education is either ignorant or negative. Some companies were surprised to find out that such schools still exist. The companies underline the fact that they must organize trainings and courses for the employed staff - graduates from vocational schools or unemployed, who followed courses at Agencies for Employment - because they have not skills and abilities. The motives through which result that the vocational training doesn't correspond to the requirements are the followings:

1. the given qualifications are too narrow.
2. the graduates have an incomplete or bad practical training, because the workshops are equipped with ancient and disreputable techniques.
3. the vocational schools aren't acquainted with the work process and with the last changes, needs and demands on labour market.
4. the enterprisers require from their staff abilities of communication, of team-work, they must be able to take decisions, to solve problems. The vocational schools don't emphasize the development of such abilities.

The trainings organized by companies are considered inexpedient, because they need investments, time, human resources and produce unscheduled expenditures. Usually for vocational training money are spent twice: firstly by the state and the second time by the employers. If the companies would be implicated in vocational training process, they will have the right to organize courses inside of the company, the problem of money spent twice will be solved and the training will be made according to requirements on labour market. The enterprisers affirm that it's very difficult to get a license for the organization of such trainings and courses.

The causes are the bureaucracy and the impediments imposed by the Ministry of Education. Moreover the companies are not implicated in the final process regarding the training of qualified staff. The authorities don't take into consideration the opinion and the future request of employers.

The number of vocational schools,

which collaborate with companies, is much reduced. Some vocational and polyvalent schools discovered other ways to gain money by pupils labour, and in this way they can cover the expenses of livelihood, and can buy new equipments.

The polyvalent school of Carpineni participated at a project TACIS regarding the redressing of secondary vocational system. The participation in this project contributed to find out the new conditions on labour market.

In other two schools of Nisporeni and Leova is implemented a project financed by Austrian Cooperation for Eastern Europe. The project tries to reduce the poverty by the improvement of graduate's abilities. So they will develop affairs based and centered on the existent forms.

The causes of the project were:

- Vocational schools prepare specialists of narrow profiles.
- The received knowledge doesn't correspond with the necessities and possibilities of homestead.

The project was started in April, 2005, and at the end of December this project had the following aims:

- The formation of professors of agriculture, horticulture, mechanics, marketing.
- Investments in school's under-structure.
- Conformity of school programs to present and future necessities of the region.
- The encouragement of cooperation with region partners.

**Conclusion no. 1**

*Specialties of narrow profiles and a weak training.*

Secondary vocational system prepares students of too narrow domains, with insufficient knowledge and abilities. This happens because vocational schools offer in addition to the future profession, knowledge of general education. The disciplines of general education are more used in these schools curriculum. In this way the vocational schools become much theorized. The theory is largely used against training and practice.

In fact, vocational schools are conceived for persons who have more practical abilities than theoretical. The school

program isn't conformed to the needs and realities of labour market. It doesn't have modern workshops for pupils training.

Many of knowledge acquired in vocational schools, could serve as a good foundation for the beginning and development of a business.

Vocational and polyvalent schools contain in their curriculum only a brief course "Basis of enterpriser's activities". It was introduced in curriculum in 1998 and was never modified. This course doesn't correspond to reality and doesn't develop abilities and skills of enterpriser.

#### **Recommendation no. 1:**

##### **1. Modification of school program.**

The new school program must lay stress upon:

- Practical part of training process. The practice must exceed theoretical courses.
- The assurance of pupils with abilities, work skills, and capacities required on labour market.

Vocational education must be oriented to Germanic model "dual system", which emphasizes the practice and experience; the simultaneous getting of practical and theoretical knowledge. This fact is realized through theoretical courses hold 2-3 times a week, and the practice inside a certain company which lasts some hours during 3 days a week. The company together with the students conclude an agreement regarding the time, duration and conditions of the practice. The company and not the school offer the qualificative for practical training of the students.

##### **2. The development of enterpriser's abilities and skills.**

The role of vocational schools in the development of enterpriser's abilities will increase if:

- In school programs will be introduced disciplines of business and its development.
- Some vocational schools would take over the place of business incubator offering at the same time services and facilities to local enterprisers.
- The school would have competent and well-prepared teachers.

#### **3. Investments in vocational schools.**

All modifications need money. First of all, money are necessary for the improvement of material resources of vocational education, the modernization of equipments and the extension of school workshops in order to realize the practical training of pupils. Of these investments will benefit also the unemployed persons who follow the training courses offered by vocational schools. The formation of teachers will also presuppose some investments.

#### **Conclusion no.2**

##### ***The lack of collaboration between vocational schools and companies.***

In socialist system vocational schools provided the big state companies with human resources. Many of them disappeared and didn't survive the privatizing process. Together with them disappeared some vocational schools, but not all. They lost the contact with companies and are not acquainted with their needs and demands. Some schools are situated nearly new reorganized private companies (Chisinau, Balti, Orhei, Cahul). They have conserved and developed the co-operation. These schools are acquainted with the situation on labour market and have adapted their courses to company's requirements.

At the same time they try to respond to private companies demands. The situation is more critical in rural regions and districts, where few companies and vocational schools exist, and the companies don't cooperate with them.

The results of the research "A study of the Moldavian vocational education and training system and its relevance to labour market needs" affirm that the companies must retrain the graduates of vocational schools

#### **Recommendation nr.2**

##### ***The implication of enterprisers in the development of standards and the realization of practical part of training process.***

To accomplish the expectations and demands of employers they must be directly involved in the establishment of educational standards. The school program may be elaborated according to market's needs and demands if a closed productive collaboration exists between voca-

tional schools and companies.

The schools must develop constant contacts with enterprisers and must systematically find out what kind of engaged persons they need and what are the demands for the students. They will realize an analysis of local market and its requirements, and these will be included in school curriculum. Moreover these companies must offer places for students practice in basis of a contract concluded between school and employer. The practice may last some hours, three times a week. The Ministry of Education can sign an agreement, which will encourage and support this thing.

#### **Conclusion no. 3**

##### ***Rural vocational schools.***

The rural schools confront themselves with more problems than those of towns. They are dependent on state's finance. The school workshops have old equipments. Because the business is weak developed in villages, the existence of vocational schools is useless.

#### **Recommendation no.3**

Vocational schools could contribute to the reduction of poverty and the improvement of living conditions in rural regions. After the land privatization, many persons obtained land without having the necessary education and knowledge in order to transform the farm into a profitable business. In such a context many preferred to go abroad, because they could not assure no more than is necessary. The landowners remained at home could work for the sale of agricultural and food products on internal and external market, if they will satisfy the quality and the state will encourage the farmers. In order to realize this objective, the young persons from villages must be educated and trained in the direction of getting abilities for the initiation and development of micro companies.

Certainly, not all the graduates will start their own business, but if from a series of graduates 2-3 persons will do it, this will constitute a great step. Other pupils will acquire knowledge of mechanics, agriculture, horticulture which will be applied inside of these companies. Vocational schools can also offer courses of hairdresser, seamstress, men cook, which are from the service sphere and will con-

tribute to the development of services in rural regions.

### B) University education.

At the beginning of 1990 was remarked a considerable increase of higher educational institutes. Some of them have a character of niche (The Police Academy "Stefan cel Mare", The Academy of Economic Studies of the Republic of Moldova, Technical University), other have duplicated the services of other institutions with University traditions. The appearance of so many higher educational institutions means more qualitative and diverse services due to the competition, but it wasn't so. And many of them disappeared in course of the time. Even if more and more young persons are admitted to universities, the number of higher educational institutes decreased from 47 in 2000 – to 30 in 2005. The number of state institutions increased from 14 (2001) to 16 (2005).

**TABLE NO.16: "The Evolution of the number of higher educational institutions"**

Academic year	State institutions	Private institutions	Total
2005/6	16	14	30
2004/5	16	20	36
2003/4	15	26	41
2002/3	14	28	42
2001/2	14	31	45
200/1	?	?	47

Source: [www.almamater.md](http://www.almamater.md)

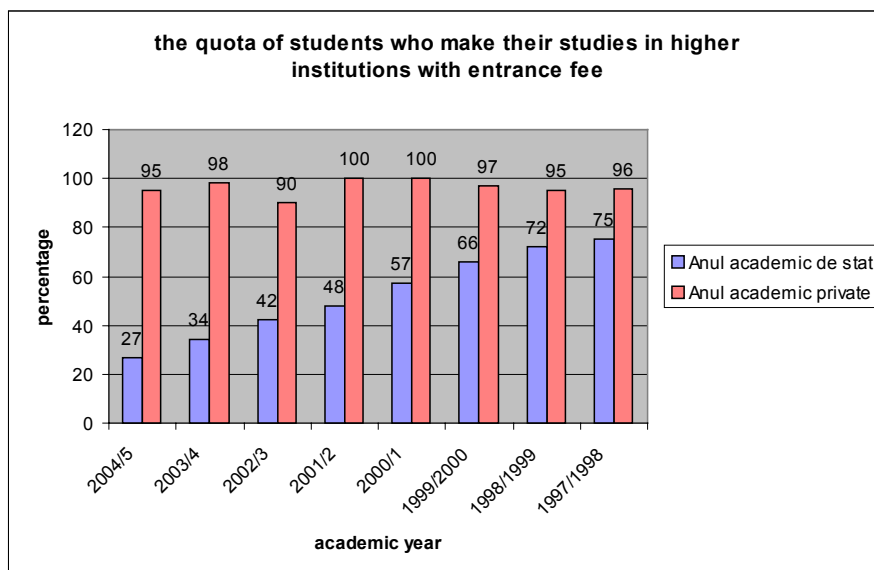
During the last 9 years the number of students increased with 45,12%, from 65 thousand persons in 1997 – to over 119 thousand in 2005(table no. 17).

**TABLE NO.17: "The evolution of the number of students in higher institutions"**

Academic year	Number of students		Total
	In state institutions	In private institutions	
2005/6	98462	21065	119527
2004/5	93418	23795	117213
2003/4	80892	24250	104029
2002/3	73203	23836	95039
2001/2	63541	22873	86414
200/1	59428	19654	79082
1999/2000	60465	16847	77312
1998/1999	59235	13494	72729
1997/1998	56137	9458	65595

Source: The Department of Statistics.

**FIGURE NO. 3**



Source: Statistic yearbook of Moldova, 2005.

Was also increased the number of students with entrance fee. The quota of students who paid entrance fee during the academic year 2004/5 was in state institutions of 75%. It was increased in comparison with the academic year 1997/8 with 48% (figure no.3). In course of the time the entrance fee was increased. Now the more expensive entrance fees are paid at: Medicine and Pharmacy University, ASEM and ULIM. The more expensive are the most required specialties – economics and law, varying between 7000-5000 lei. These entrance fees reached the level of higher education fees of Romania and even of some Occidental countries, where the taxes for an academic year constitute 400-500 Euro. In this context appeared the question if the quality of local universities corresponds to taxes. In the Republic of Moldova doesn't ex-

ist a top of universities, which will reflect at the same time the quality.

The continuous increase of the number of students, which follow university studies, is determined by the easy accessibility to penetrate in university domain.

If you have financial possibilities to pay the entrance fee and the desire to follow a faculty you can easy become a student. The capacity of auto finance and the motivation are the only conditions to be matriculated in a higher institution. The limitation of age practically doesn't exist.

The society considers that higher studies constitute a profitable investment, which may assure another social status and a better life. At the moment the higher studies aren't hand-picked, but became a mass phenomenon. It's difficult to appreciate the number of students, which need to receive qualitative studies, and of those, which want only a diploma, which will demonstrate a specialty "in vogue".

The continuous and constant decrease of the number of pupils in vocational schools and the increase of the number of students is produced by the absence of a common policy between the Ministry of Education and the Ministry of Finance referring the orientation of youth towards labour markets requirements, the non-information of young persons about the advantages and disadvantages of every educational system, the luck of a strict plan of matriculation in universities. Another motif is the population's mentality,



who dream to see their children bankers and advocates, and don't want to accept the fact that they have not the abilities and skills to follow a faculty.

Some parents prefer to lose money in all university machinery and their children to burn daylight. The population must be conscious of the fact that their children must do something according to their possibilities and they must cease to dream to something of high prestige.

Although the disproportion between the graduates of vocational schools and universities and the disparity between what educational system offers and the labour market appeared from many years, The Government decided only now to control this situation. At 15 April 2006 the Government adopted the 434 Decision "Regarding the unique plans of matriculation in higher education institutions, secondary of specialty and secondary vocational education, in 2006".

The Decision has established the number of students with budgetary finance and with entrance fee for faculties both in public and private higher institutions. Consequently, was reduced the number of places at faculties of high prestige: economics, law, foreign languages, international relations in the favor of pedagogic and technical specialties. The aim of this Decision is to assure a certain balance, to stimulate the students to opt for certain specialties that are required on labour market.

According to date of matriculation plans published on the official site of the Ministry of Education in table nr. 18 and table no.19 are presented the number of places for economic and law faculties. The total number of places offered by state institutions is: at economics – 2889 places; at the faculty of law – 1055 places.

The private institutes could matriculate this year at the faculty of economy 1180 persons, but at the faculty of law – 435 persons. Thus for the faculty of economy were accorded 4063 places and for the faculty of law – 1492.

The number of matriculate students decreased with 50-65% in comparison with the previous years. The reduction of the number of places for these specialties caused many debates and discontentment among parents, pupils and the administration of state and private universities. It was especially discussed the reduced number of places at private universities.

TABLE NO. 18:

*"The number of places at state institutions at the faculties with economic and juridical profile for the admission 2006"*

	ASEM	USM	Comrat	UST	Cahul	Taradia	Balti	IRIM <sup>1</sup>	Total
Bookkeeping	222	45	23		20	20	72		400
Marketing and logistics	235	30	30	20					313
Business and administration	414	120	38	20	60		107		757
Finances and banks	437	151	60		60		135		841
Global economy and REI	97	40						25	162
Acquisitions									
Science of commodities and Trade	86								84
General Economy	73								70
Tourism	214			24	20				256
Total economy									2883
Law	135	522	60	20	60		130	130	1057

Source: Ministry of Education and Youth.

TABLE NO. 19

*"The number of places of at the faculties with economics and juridical profile at private institutions for the admission 2006"*

	ULIM	UCCM <sup>2</sup>	Nistean <sup>3</sup>	Persp. <sup>4</sup>	IMI <sup>5</sup>	IUC <sup>6</sup>	ATIC <sup>7</sup>	Slavona <sup>8</sup>	Total
Bookkeeping	60	75	30	10	30		20	40	265
Marketing and logistics	10	25		20	20			10	85
Business and administration	20	55		10	30	15	20	20	150
Finances and Banks	40	65		15	40		20	25	205
Global economy and REI	20	20			20			10	70
Acquisitions		40							40
Sciences of Commodities and Trade		100			20				120
General Economy					20	10			30
Tourism	35	50		25	35		10	40	195
Total economy	185	430	30	80	215	25	70	145	1180
Law	140	35	70	50	20	20		100	435

Source: Ministry of Education and Youth.

In 2006 Technical University offered 6200 places, but a week after the beginning of admission were laid down 2005 documents, neither half of available places. At the end of the first tour UTM still offered 1567 places among which 12 with budgetary finance. At some faculties and institutions were great battle, for example at the Academy of Economic Studies of Moldova (ASEM).

There for all faculties were set down 3158 certificates for 1903 (total budgetary finance and with entrance fee) foreseen by the matriculation plan. Nearly 40% of those who set down the certificates weren't matriculated. At other faculties it wasn't any competition, for example at the faculties of mathematics and archeology of Moldova State University, where were matriculated students even with the mark "six". After the matriculation's examinations remained 1900 vacant places

at higher education institutions, among which 180 financed by state budget.

The research showed that less requested were the institutions of pedagogic profile, especially at the universities of Balti, Comrat, Cahul and Taradia.

After the preliminary date of 1 August 2006, at faculty were registered 7650 persons financed by state budget, and 19500 places with entrance fee.

At the same time the Ministry of Education didn't announced in public the results regarding the matriculation in vocational schools. Thus the decisions taken this year by the Government can't be analyzed.

#### Conclusion No.1

*Higher studies with too large accessibility.*

At present everyone can become a student if he has the desire and financial pos-

sibilities. The competition at universities isn't selective for those with entrance fee.

It's doesn't matter if you have a \_\_\_\_\_ or what average you obtained at the higher level of secondary education. In the context when nearly everyone graduates from a lyceum or a secondary school, it's naturally that they will follow a faculty.

The essential problem is that most of those who are matriculated in lyceum, they are not able to accomplish the requirements. However these pupils are removed from one semester in another, pass the high school graduation exam and at the end they go to universities.

And they graduate from universities in the same way as they finished their studies at secondary school.

### **Recommendation no. 1**

#### **1. Strict competition of admission both in secondary schools and at universities.**

The admission in secondary schools must be made on the basis of a strict competition in order to select only the capable pupils. In this way the rest of the pupils who haven't been matriculated in secondary schools will orientate themselves to vocational schools. Another solution in order to reduce the accessibility in higher educational system could be the decision not to matriculate at faculties pupils without a \_\_\_\_\_. Moreover, the getting of \_\_\_\_\_ must be possible only for those who studies at lyceum, as abroad.

It would be fair to reintroduce the entrance examinations, because usually the results of high school graduation exams don't correspond to reality and are subjective.

During an interview offered to Basa-Press, the chief of examination and evaluation direction within the Ministry of Education declared that only 30% of the students who passed the secondary school exams promote the first session at higher educational institutions.

#### **2. "The application" of exmatriculation.**

Although the universities Regulations foresee the exmatriculation for academic ill success, this rule isn't always respected. The expulsion of students who have not passed their exams and the lack of possibility to repeat the academic year by paying one more the institution's fee would reduce the number of students and will determine them to choose a new profession without wasting the time and money. Certainly the students would be more motivated to study and the quality of studies will be improved.

### **Conclusion nr. 2**

#### **The lack of analysis of human capital and labour market.**

The disparity between what is required in labour market and what is offered by the educational system is caused by the lack of a systematic analysis of all the information connected with labour market and vocational formation system.

Many statistics data exists regarding the number of graduates of every educational level but doesn't exist any information about the cost of training for each level and about the quality of educational services offered by each institution. These informations are necessary in order to have a general image about the efficiency of every educational level.

The training in any type of education doesn't assure the youth with abilities, skills and capacities necessary for the appointment on labour market.

A research is necessary regarding the requirements that have the companies for their employed staff.

The information regarding the labour market is general. It doesn't reflect the mobility on labour market, the conditions which stimulate this mobility, labour productivity, the dependence between the level of salaries and labour productivity, the level of salaries and the migration of labour power.

### **Recommendation no. 2**

#### **The promotion of a national system of analysis and prognosis of labour market and the implication of companies in this process.**

The Ministry of Education and Economy must collaborate between them, but also with economy agents in order to find out the real necessities of labour market and to connect them with educational programs.

In the research "The youth on labour market", BNS uses only the following classification of economic activity domains:

- Agriculture, hunting economy, fishing.
- Industry.
- Buildings.
- Trade, hotels and restaurants.
- Transport and communications
- Public administration, education, health and social maintenance
- Other activities

This classification doesn't permit the objective observation of some statistic data apart, for example, for the graduates of the faculty of law, foreign languages or any other faculty. The National Bureau of Statistics doesn't provide detailed information, which demonstrates the real

situation of every faculty. In order to realize the analysis of labour market must be determined and prognoses:

- The demographic tendencies and the social economic and politic processes, which will influence them.
- The number of young persons which will be integrated in the following 2,5,10 years on labour market
- The number of persons, which will follow different levels of educational system.
- The labour market capacity to absorb the graduates of different institutions.
- The economic conditions of which depend the above mentioned provisions.

### **Conclusions no. 3**

#### **The big disproportion between the number of students at the faculties of law, economy and the rest of faculties.**

The table no.20 shows the situation of matriculation at the faculties of law and economy in comparison with Medicine and faculties with real-technical profile for the period 2004-2005.

The proportion between doctors and economists is over 10 times. Every year the number of future engineers, technologists, technicians and other specialists of exact sciences are twice reduced in comparison with the number of students from faculties with economic or juridical profile. The number of graduates of economic and jurisprudence domains is elevated. In 2005 it constituted 46 per cent of the total number of graduates.

**TABLE NO. 20**

**"Number of students enrolled at universities according to their profiles (2002 - 2004)"**

Faculties profile	2002	2003	2004
Technical	6507	6901	7401
Economic	6702	7975	8793
Juridical	5841	5298	4953
Medicine(pharmacy included)	556	632	779

Source: Statistic year book of Moldova, 2005

In such situation, the labour market confront itself with difficult problems on one hand the insufficiency of specialists in medicine, pedagogy, engineering, programming/IT and on the other hand too many specialists in law and economy.

### **Recommendations no. 3**

*Annual plans regarding the places from the profiles of lyceum offered by universities in basis of labour market's requirements.*

One of the essential causes of these disproportions is that the secondary

schools graduates are of humanistic profiles. It doesn't exist a statistic, which could show how many graduates are of exact and humanistic profiles. Usually inside of a lyceum, with three twelfth forms two are of humanistic profile and only one of exact profile. So that the secondary schools graduates can orientate themselves towards other faculties than those of law, economy and foreign languages which belong to humanistic profile, the Ministry of Education must elaborate a plan regarding the number of places on profiles.

The number of places of exact profiles must be twice bigger than those of humanistic one, because without serious knowledge of exact sciences you can't orientate yourself towards technical and engineering specialties from the domain of medicine and computer field. In order to avoid the disproportions created till now, the Ministry of Education should elaborate an annual plan regarding the offer of places on specialties. This plan must take into consideration, first of all, the labour market' demands and the perspectives of their development.

#### **Conclusion no. 4**

*Private institutions of higher education, which duplicate the role of other institutes.*

The majority of private universities appeared after 1990 have as a rule the same faculties like those traditional. Usually they don't bring any new element in the domain of educational services (at these universities teach the same professors as at state university, and their program doesn't differ too much). They are also characterized as universities of bad quality. Both private and state universities offer the possibility to follow a faculty of high reputation.

The private institutions also have specialties of economy and jurisprudence. For example the Academy of Transports and Communications prepares specialists of bookkeeping, business and administration, finance and banks

#### **Recommendation no. 4**

*Private institutions with qualitative innovating educational services.*

The Ministry of Education should grant licenses only to private universities, which will prepare specialists of new domains in good conditions and with high-qualified teachers. The number of students in "over solicited" domains will decrease and the economy will be provided with qualified labour power.

## **CAPITOLUL 6.**

### **The influence of migration upon labour market**

External migration of the labour force is a wide-spread and almost unavoidable trend in a globalized world. Moldova is certainly an actor in the largest term of this word, international migration of the labour force almost from its independent statehood declaration. However, migration - as a social phenomenon - expanded massively to a critical size of the population, which inhibits today economic growth, having an overwhelming set of consequences on the social and psychological mindset of the population, affects the fading demographic situation of the nation, in general. The geographical closeness of more profitable labour markets of Russia and Western Europe, the denseness of population of our republic created favorable conditions for the migration of a great number of Moldavians.

The principal factors which determined the migration were: low incomes and big financial necessities for the current expenditures, the lack of work places, the unemployment, the country's poverty. For the youth a decisive role for the migration constitutes the lack of no more than is necessary for the beginning of family life.

According to the research "The mi-

gration of labour power in the Republic of Moldova, the Alliance for Microfinance", in 2003 went to work abroad approximately 265 - 285 thousand Moldavian citizens. According to some researches realized by the International Organization for Migration in Europe their number increased to 600 thousand persons in 2004. Another report: "Labour Migration in Europe: special focus on the Republic of Moldova", 2003, affirm that according to unofficial studies the number of emigrants varies between 600000-1000000 persons. The same research shows the following tendencies of Moldavian emigrants in Europe:

- The Czech researches estimate that there are some 2000 Moldavian citizens engaged in Czechoslovakia.
- According to german authorities, in this country work nearly 31400 persons.
- During two years more than ten thousand Moldavians have been deported from Portugal, Spain, Turkey and Israel.
- The Federal Service for Visa and Migration of Stuttgart affirmed that in Schengen space are more than 55000 Moldavian emigrated workers.

**TABLE NO. 21 "The assessment of migration"**

	2000	2001	2002	2003	2004	2005
Persons went abroad to work or to look for work; thousand	138	172	231	291	345	394,5
Persons went abroad to work or to look for work; % of inactive population	12,5	14,6	19,1	21,1	23,8	26,6
Persons went abroad to work or the look for work; % of work resources	6,6	8,2	11,3	14,8	17,6	20,1

Source: Assessment of the Labour Force according to the BNS Data

Many of them stay in the country illegally, having the visa expired.

These data are not complete, because many Moldavian citizens go illegally and are not declared to authorities.

Statistic data provided by the National Statistic Bureau say that in 2005, the number of persons went abroad to work or to look for work were 394,5 thousand persons, which represented 26,6% of the total of inactive population over 15 years and more. In comparison with the year 2000, their number increased with 69,96%. The research realized by CBS-AXA, 2005, establishes that the emigrated persons of the Republic of Moldova constituted in 2005 approximately 571 thousand persons.

The principal directions of emigration are Russia, where go 58% of the total emigrated population, Italy – 18,9%, Portugal – 5%, Greece – 2,7%.<sup>10</sup> The men oriented themselves to CSI (Russia, Ukraine), and the countries of Western Europe (Portugal, Germany). The fair sex predominates in Italy, Spain, Turkey, Greece and Cyprus. This fact is caused by the specific of labour market, the policy of migration of these countries. The women work in the system of social attendance and housekeeping, but the men are engaged in buildings and renovation (Russia – 60,2%, Portugal – 40,6 %)

## **The advantages of labour power migration**

According to the data of FMI the medium rate of advantageousness goods export constitute 20%, of services – 50%, but of labour power substantially more elevated.

The incomes obtained from emigration increase the state currency reserves and can contribute to the economic development of the country, although wasn't widely increased the number of investments which conduct to the raise of productivity. According to the data of National Bank the volume of money transferred at the end of 2005 reached the level of 683.25 mln dollars. According to the some information of the Ministry of Trade and Finance of March, 2006 the deliverances constituted app.

800 mln. \$ USA, and reached 30% of the value of Internal Raw product of the R. of Moldova. FMI established that exist some signals which show that the actual model of economic development approach the limit.

Even the deliveries are consumed, they have a positive impact upon the economy through the effect of monetary multiplication. Due to the increase of requirements for certain products and services (for example: buildings), grow the number of companies, which offer the respective services and their profit.

The increase of Internal Raw Product, since 2000 till now is produced by the continuous increase of the deliveries volume. The state raised its incomes from the taxes applied to imported products and which are bought with the money sent from abroad. In 2005, the considerable increase of Internal Raw Product (3, 2%) was assured by value – added taxes on products and import. The transfers of money contributed widely to recipient's incomes and the diversification of revenue's sources. During the period 2000-2002 the poverty decreased from 71% till 49% of population. The poverty rate practically returned to the level established anteriorly the crisis of Russia. Families with at least one member abroad better resist to economical shock – inflation, coin's devalorization, and economic crises.

The export of labour power may solve quickly the problems of employment and unemployment. The state doesn't spend for the retraining and prequalification of unemployed, the endowment of compensations.

## **The disadvantages of labour power migration**

The migration of labour power generates serious social problems. After the intensification of emigration of our Republic's population, many families are destroyed especially young families, decrease the birth rate, increase the number of chance children lives, because of the temporary absence of parents, and many persons become victims of human traffic.

The migration of teachers, doctors, and other medical workers, of engineers represents "the letting out of brains", even if the majority of them doesn't work according the initial qualification. They lose their professional abilities and skills. The expectations that the emigrants will return with knowledge and experiences is unjustifiable. This situation is valid for other series of professions too.

According to a recent study of OECD, Moldavian migrated persons have the more elevated level of qualification and the best professional capacities in comparison with other countries of Eastern Europe and CSI<sup>25</sup>. 37% of Moldavians have an "extremely elevated qualification". At regional level only emigrants from Russia, Azerbaijan, Tajikistan, and Uzbekistan have a more elevated qualification.

According to the data provided by the Alliance for Microfinance, 50,6 % of emigrants had technical or special studies. Thus the level of training of persons who go abroad are higher than of those who remains at home. The State is deprived not only of labour powers, but also of the "multiplication" effect resulted from the skills and abilities of emigrant specialists, who would train other persons. At the same time the emigration is characterized by a decrease of research potential, because many men of science also leave abroad.

The migration for the R. of Moldova means state's expenses caused by the training and qualification of labour power without finality from state.

Another negative economic effect is the considerable increase of prices and services, which are more required, by well-to-do families of emigrants. The rate of continuous inflation remains of two numbers. In 2005, the rate of medium annual inflation constituted 11,9% in comparison with 12,4% in 2004. During the last years the prices for apartments increased proportional to money transfers from abroad three-five times in comparison with 1999.

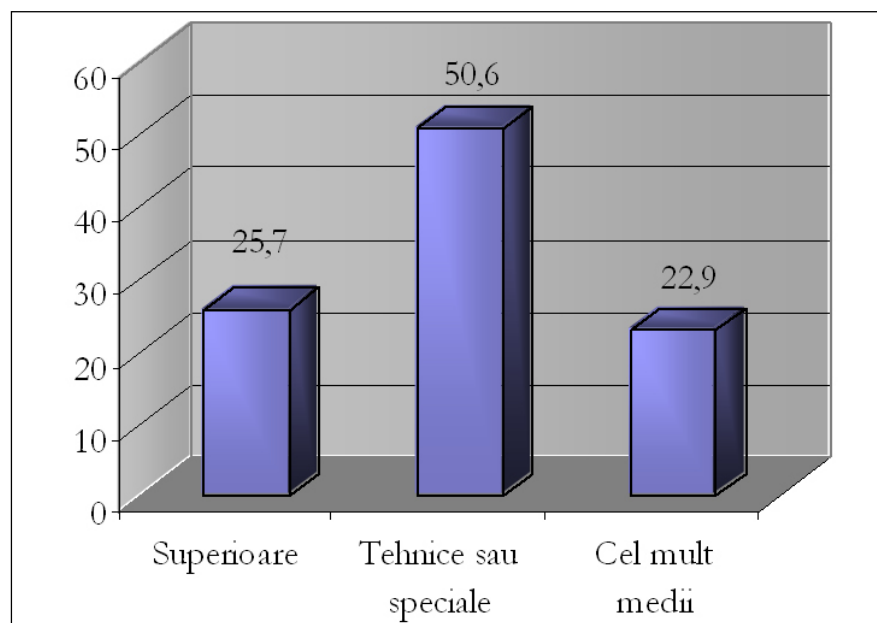
The chance of families, without any member abroad, to buy or to construct houses became extremely low.

The families, which don't receive

10. "The transfers of money from the citizens of the R. of Moldova situated abroad for work", 2005, CBS Axa



**FIGURE NO. 5** "Structure of emigration according to their profile of education university degree - technical education - primary education"



Source: "The migration of labour and the deliveries in the Republic of Moldova"

deliveries, become more and more necessitous. Therefore the deliveries increase the inequality of revenues.

In the context of massive transfers of money the Republic of Moldova is less dependent on financial means collected by taxes, because happens an increase of tax cashing to which are submit the imports. In 2005, the taxes upon imported products constituted 67,5% of the total volume of taxes.

The state adapted itself to the new situation and doesn't undertake anything in order to increase the exports, to stimulate enterpriser's activities and to ameliorate the business environment. In 2005 the imports raised 2,8 times than the exports. The rate of import's increase (+31%) surpassed that of exports (+11%), and consequently the negative stock of balance of trade was increased with 1,6 time.

Many international researches established that inside the families dependent on deliveries is created a dependence culture. The members of these families don't make much effort to increase to incomes from other sources. They are waiting for monthly transfers from abroad.

Speaking about the foreign policy it's must be mentioned the fact that

the migration of labour power have a negative impact upon the relations between the countries from which migrates ant those of destination. The large majority of Moldavian emigrants stay in those countries illegally, having expired visa. Taking into consideration the great number of Moldavians in Italy, Portugal, Greece, Germany and other European countries it can be presupposed that they are not respected by the home-borns, especially the unemployed. Moreover increases the criminality, drug traffic and human traffic. All these factors affect seriously the image of the R. of Moldova and its habitants.

#### **Conclusion no.1**

**Social and vocational development: missing opportunities.**

Among principal causes which determine the migration may be included the life quality, the privation of some possibilities to realize the own ideas.

The experiences of the countries of Southern and Central Europe demonstrated that the migration rate may be reduced on the basis of revenues differences; even if still persists the opinion that the situation of the country will not be improved.

#### **Recommendation no. 1**

**1. The creation of impulses for returning.** The Moldavians are very attached to their homeland. According to the research upon the money transfers from abroad, realized by CBS Axa, the migrations of Moldavians are of short term or seasonal. Nearly 60% of interviewed persons said that they will return home when they will earn enough money for well-being. Only 14,5% declared that they will try to fix their residence abroad. Thus the state must encourage the appointment of critical specialities (medical, workers, teachers, builders") to private domain , where they can obtain more elevated revenues. In this aim, it's necessary the cooperation and support of companies, which offer work places for these specialists.

#### **2. The assurance of socio-professional reinstatement of emigrants.**

The governmental organizations could realize this project by the creation of rehabilitation centers of labour power. They should offer services of training and putting up-to-date of professional knowledge and abilities according to actual demands on labour market of the Republic of Moldova.

**The encouragement of initiating their own business.** Many Moldavians follow abroad a real school of market and business relations. They acquire new knowledge, a new vision upon the capitalism and experience. The elimination of formal procedures to open a company , information regarding this process, the granting of credits for microfinance can convince and motivate them to invest money in a productive way.

#### **Conclusion no.2:**

**A few bilateral labour contract.**

Although Moldova has the highest level of labour power migration in region, it has less bilateral labour contract signed. It has only four agreements signed with Russia, Ukraine, Belarus and Italy. In the following table is represented this situation.

TABLE NR. 22

*"Conference "Opportunities for economic growth in Moldova, 2005"*

The country	Central and Eastern Europe	CSI	UE15 +Switzerland, Scandinavia	Total
Moldova	0	3	1	4
Eastern and Central Europe				
Czech	4	2	5	11
Hungary	3	0	8	11
Poland	2	3	9	14
Slovakia	3	2	5	10
Turkey	0	0	6	6
CSI				
Armenia	0	2	0	2
Azerbaijan	1	2	0	3
Belarus	3	6	0	9
Georgia	1	1	0	2
Kazakhstan	0	4	0	4
Kyrgyzstan	1	2	0	3
Russia	2	7	0	9
Tajikistan	0	2	0	2
Ukraine	6	3	2	11

Source: "Moldova" opportuneness for economic development", 2005

The majority of Moldavians emigrates illegally. They don't benefit of complete rights and the protection of the country on destination. The illegal emigrants are the most vulnerable and certainly their incomes are more reduces than those of legal persons. Moreover it appears the risk of human traffic. The Republic of Moldova are the most affected country of South-Eastern Europe of this phenomenon.

#### **Recommendation No. 2.**

##### ***New trails to conclude bilateral labour agreements with new conditions.***

The bilateral labour agreements will reduce the risk of illegal emigrants, will assure more elevated revenues; protection and rights through the part of the country where they work. At the same time it will be created stimulus for the returning to home after the finishing of the contract. The Republic of Moldova was very active in the concluding of these bilateral agreements, but this activity didn't bring expected results. The Republic of Moldova must change the conditions of these agreement and to warrant the counties of destination, that the Moldavians will respect these conditions and will return home in the established time.

#### **Conclusion no. 3.**

##### ***The great currency transfers from abroad by unofficial ways.***

A great part of incomes sent by the emigrants arrived by unofficial channels. The volume of entered deliverances surpassed the tide registered by official channels. The transfers by bank system and quick transfers are more used by emigrants of Western Europe. According to the research CBS Axa results that only 34,4% of emigrants transfer more frequently by formal ways. The rest of emigrants prefer to convey money on informal ways by acquaintances, relatives, couriers or prefer to bring money personally.

#### **Recommendation no. 3.**

##### ***The increase of the tide of deliverances by financial-bank system.***

The data of effectuated researches reflect that the transfer's services by financial ways aren't widely used and that the services may be diversified and improved by:

- The minimization of transfer's cost by bank means.
- The simplification of the process of money transfer by official means.
- The assurance of a better access to financial-bank services by the

development of understructure of financial-bank networks.

- The creation of new financial products for the emigrant's families, taking into consideration their necessities of consumption.

#### **Ascertainment / Conclusion no.4**

A good part of deliverances are oriented toward expenditure.

On the higher level are placed the expenditures for food and clothing (43,1%), the payment for communal services (18,2%). On the other positions are situated expenditures for the bring of goods (17,25), excepting electric equipments, the reparation of real (15,3%), entrance fees (12,8%).

The quality of economics are reduced, the saved money constitutes 8,5% and bank deposits - 1,6%.

Few emigrants said that they succeeded in accumulating a certain capital. The intentions of utilization are the same as in the direction of money sent at home.

On the thirist place are situated the expenditures which refer to current consumption, following the house investments and those for special consumption (studies, health). The less part represents the investments in business.

#### **Recommendation no.4**

##### ***The investment of a great part of deliverances. In productive affairs.***

This objective may be realized by the creation of nongovernmental and private centers. They must be specialized in the giving of advices and services regarding the productive and reasonable use of currency transfers from abroad. The State should stimulate by fiscal facilities, the simplification of formal procedures of starting a business, the development of micro companies with the active implication of emigrants and the reasonable use of capital. In order to encourage productive activities must be limited the import of goods, which can be manufactured in our country, but the import of equipment and technologies must be supported.

Another modality of productive use of deliverances are the stimulation of investments for community projects, were will participate economic agents and emigrant's families.

## CHAPTER 7.

### In search for a new policy on employment opportunities

- The development of business environment and small companies.

1. To be reduced and even suspended the taxes during the first two years from the ignition of small and middle companies.
2. To be simplified the procedure of founding a small or middle company.
3. The reduction of administrative obstacles, which impede the business development.
4. The diminution of fiscal tasks, which make many economic agents to develop their activity in informal economy.
5. The liquidation of one of institutions of fiscal inspection.
6. The granting advantageous credits.
7. The conditions of granting credits to be more simple and accessible both for local and foreign investments.
8. To be assured conditions of fair competition for all companies.
9. The protection of autochthonous producers by means of different tariff and policies
10. The inauguration of a business incubator around the technical university, which would encourage the realization of some business ideas in productive sphere, and which will not refer only to marketing, publicity and sales as in the case of those of AESM.
11. The practice of risk assurances in business and trade
12. Low customs tariff for the import of informational, industrial and other technologies necessary both in productive sphere and that of researches
13. The stimulation of companies to use new methods of production, inventions, certificates.
14. The facilitation of formation of

big peasant household by the co-operation of more families and their specialization in the processing and keeping of agricultural output.

15. The granting of advantageous credits to investors, which create companies in rural environment, where the number of unemployed population able to work is great
16. Stipends to companies, which engage graduates or unemployed persons.
17. The development and promotion of enterpriser's programmes of training in vocational system, of specialty and higher system.

- **Reduction of the number of unemployed workers**

1. The encouragement of anticipated abandonment of the job and the seeking for a new post.
2. The fast adoption of labour power to economic changes. This means a better training during the years of professional formation, a permanent requalification of professional level.
3. The support of some external activities, sub contraction of jobs at places of residence and other possible forms of employment.
4. The diversification of consulting services of the unemployed.
5. The development of private services of employment.
6. The increase of efficiency and the degree of including vocational orientation programmes.
7. The increase of the number of public works and the implication of more unemployed persons in their execution.

- **The flexibility of labour market**

1. The modernization of work legislation, which would include

more flexible labour contracts.

2. The increase of the number places with partial work time or with a reduced duration of time, which will assure the appointment of special persons like students, women with babies, and persons with disabilities.
3. The extension of labour contracts with a determined and reduced duration.
4. The development of electronic education for all citizens.
5. The development of a multidisciplinary education with many practical applications.
6. The orientation of population towards the getting of 2-3 specialties in a short period and the promotion of lifetime education.
7. Stipends for private companies, which organize courses of qualification for the unemployed.
8. The organization by the Government of an institutional structure intended to organize qualification courses.

- **Encouragement and support of labour power mobilities**

1. The increase of unique compensation which now represents three medium salaries on economy on the previous year.
2. The assurance with dwellings for persons who work in other localities and the decrease of rent for half year.
3. The direction of diplomatic efforts towards the conclusion of bilateral labour agreements with other European states.
4. The promotion of official employment abroad.

- **Remuneration and creation of stimulus**

1. The minimum salary must cover to a great extent the fundamental needs, and a little difference must be between minimum and medium salary.
2. The formation of salary depending on labour power performances, results, skills, abilities.
3. The salaries must really reflect the cost of labour power and the expenses for training, prequalification.

4. The proportion between salary-pension and salary-labour market, and at the same time to assure the minimum of primary needs.
5. The elaboration and application of some systems of professional performance evaluation.
6. The assurance of engaged persons with decent and pleasant work conditions.

• **National Agency of Employment**

1. The development and promotion of services by mass media, such as most of persons who look for a job, to feel ANOFM's support, and to get a post.
2. The encouragement of economic agents to declare vacant posts.
3. The elaboration of an informational system of the labour market to which a great number of persons would have access.
4. The cooperation with chiefs in order to connect the training programmes to labour market changes.
5. The active participation of employed staff to the realizations of politics on labour market.
6. The extension of ANOFM services.

• **Family's support**

1. The development of enterprises which will provide services for looking after the children, the sick and aged persons.
2. The increase of investments for pre-school education, development and its quality.
3. The reinstatement on labour market of women who were on maternity leave and the reorganization of retraining.
4. The improvement of the partnership between trade unions, employers and workers and the resolution of some problems, families are confronted with.

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